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OIR/DEF CONTRIBUTION TO NIE-32:

THE COMMUNIST MILITARY POSITION IN KOREA
AND ITS EFFECT ON SINO-SOVIET COURSES OF ACTION
IN THE FAR EAST

March 6, 1951

State Dept. declassification & release instructions on file

DEPARTMENT OF STATE
OFFICE OF INTELLIGENCE RESEARCH
Division of Research for Far East

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NIE-32:- THE COMMUNIST MILITARY POSITION IN KOREA AND ITS
IMPACT ON SINO-SOVIET COURSES OF ACTION IN THE FAR EAST

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II. TO WHAT EXTENT HAS THE KOREAN CAMPAIGN AFFECTED COMMUNIST
MILITARY CAPABILITIES IN THE FAR EAST?

A. Have Chinese and Korean losses to date been such that they

4. May have strained or disrupted the domestic economy of China?

The Chinese Communists have to date been able to support their military effort in Korea without seriously disrupting the Chinese economy. Prices have been held relatively stable and with few exceptions supplies of essential consumer goods appear to have been adequate to meet requirements. Apparently, the Chinese Communists have been able to finance the costs of their Korean venture through the postponement of reconstruction expenditures and through an increase in revenues made possible by the favorable 1950 crops, the enlarged tax base, and some increase in tax rates. Moreover, the troops dispatched to Korea were largely forces in being, and it is probable that the costs of mobilizing, equipping, and training replacements have not as yet reached the necessary levels to replace military losses.

In the base area of Manchuria there is evidence that industrial output has declined slightly and that the employment of large numbers of civilians in military supporting operations has reduced employment and output in such winter occupations as lumbering, marketing, and hunting. This loss of output, however, is not likely to have serious effects on either the military effort or the local economy.

B. Would continued Chinese-Korean operations in Korea on the present scale
be likely to

4. Cause a significant drain on Soviet resources?

The continuance of the Korean campaign would very likely create an increasing strain on the Chinese economy. It is probable that with the eventual necessity for large-scale troops replacements military costs would rise considerably over present levels and that the continued postponement of reconstruction expenditures would begin to dislocate markets and production and to reduce the capacity of the Chinese Communists to mobilize resources.

The extension

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The extension of active military operations into the Manchurian frost-free season of May through September would have a serious effect on farm output in 1951 due to the withdrawal of agricultural labor and draft animals for military support activities. A reduction of agricultural output to the levels of 1947 and 1948 -- years of active civil war fighting in Manchuria -- would largely wipe out Manchuria's export surpluses and would greatly reduce the resources available to the Chinese Communists in 1952.

Despite these considerations, the Chinese Communists can probably maintain the present rate of expenditure of military resources in Korea for some time at the sacrifice of domestic reconstruction and welfare. With substantial military reserve forces in being which can be concentrated and supported in the grain-surplus area of Manchuria and supplied with Soviet materiel, it is unlikely in the short run that economic pressures will substantially affect the military capacities of the Chinese Communists.

III. WHAT HAS BEEN THE EFFECT OF THE KOREAN CAMPAIGN ON COMMUNIST INTENTIONS IN THE FAR EAST?

A. General Considerations

It seems evident from military preparations now underway in China that the Communists at this juncture envisage at least continued military operations in Korea and possibly also expanded military action elsewhere in the Far East.

The form that future military operations might assume can be analyzed in terms of three possible developments:

1. Continued Communist capacity for launching major offensives in Korea;
2. Loss of capacity to launch major offensives in Korea but continued Communist ability to carry on a war of attrition;
3. Reduction of Communist strength to the point where complete defeat in Korea becomes a distinct possibility.

B. Intentions Assuming Communist Capacity to Launch Major Offensives in Korea

At the moment, the Communists probably have the capacity to launch major offensives in Korea for the achievement of limited military objectives. They probably believe, however, that their strength in Korea lies less in their prospects for direct military victories than in their capacity to

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absorb greater losses than could be endured by the UN command and to maintain a long drawn out war straining UN solidarity and endurance. The Soviet Union would probably supply such additional materiel as would be required for an operation of this type.

It is probable that Pei-p'ing has given thought to offensive moves against Indochina, Taiwan, Hongkong, and possibly other places in the Far East as a means of diverting UN strength from the Korean fighting. However, Chinese Communist intentions with respect to other offensive moves in the Far East will, in any event, probably be determined primarily in the light of factors other than the needs of the Communist military campaign in Korea.

Military operations against UN forces in Korea would not preclude Pei-p'ing's simultaneous participation in discussions perhaps self-initiated, of peaceful settlement. The Chinese Communist aim in such negotiations would probably not be the conclusion of a political settlement, but rather the creation of as much discord among the UN allies as possible.

C. Intentions Assuming Loss of Communist Capacity to Launch Offensive

If Pei-p'ing and Moscow felt that the Chinese Communists were no longer capable of launching further major offensives in Korea it is then likely that they would engage in a war of attrition in the hope that the elusiveness of a clear-cut victory over the Chinese and Korean Communist troops would sap the morale of the UN troops and gradually improve Communist military fortunes in Korea; while simultaneously the Communists might, by other courses of action, bring about a change in the international conditions, especially those in the Far East, that now enable the US to concentrate much of its fighting strength in Korea.

Estimating that the north Korean troops would be unable by themselves to deny the UN forces access to the Manchurian and Siberian borders and to maintain Communist governmental authority on Korean soil, Communist China, with Soviet approval, would probably try to preserve an armed force of its own in being in Korea to this end, probably investing additional materiel and unofficial personnel sent to them by the USSR. The Soviet Union, however, would probably not intervene openly.

Communist motives for creating diversions elsewhere in the Far East, assuming their continued military ability to do so, would be equally strong as in the situation outlined under B.

D. Intentions Assuming Communist Recognition of the Possibility of Defeat in Korea

Realization of the possibility of complete defeat in Korea would lead the Communists to give greater weight to such factors as the limitations on the availability of essential heavy weapons, ammunition, and equipment from out of the Soviet arsenal -- limitations imposed by other demands upon Soviet military production. Both the Chinese Communist and Soviet leaders would probably also realize the greater ultimate importance of strengthening

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China's military defenses and general longer-range striking power, projects that now have to compete with the Korean campaign for whatever technical assistance and materiel the USSR can make available to Communist China. This long-range consideration could be buttressed by a possibly growing anxiety in Pei-p'ing over the increased efforts required to assert and maintain effective control over the Chinese populace.

The first reaction of the Communists to a deterioration of their military position in Korea might be the broaching of new terms for a negotiated settlement, embodying perhaps some significant concessions to the viewpoint of the UN allies camouflaged by face-saving gestures. This move would be closely accompanied by a withdrawal, as forced upon them, of the Chinese Communist troops to a series of strongly defensible positions within north Korea. Every attempt would be made by Pei-p'ing to make the UN military advances costly and to stress its monopoly on a peaceful approach to the solution of the "Korean problem." The Soviet role during this period would probably be restricted to a continuing provision of certain weapons, ammunition, and equipment to the Chinese Communist forces and to the support of Pei-p'ing's peace moves in the UN. A desperate Chinese Communist resort to the launching of major military operations elsewhere in the Far East would not be likely to occur, since it would jeopardize the attainment of the principal Chinese Communist aim -- the cessation of a costly conflict that threatened the security of a vital area of China and the attainment of a settlement in Korea on as favorable terms to the Communists as possible.

E. What Appear to be Present Soviet Intentions with Respect to Korea

Present Soviet intentions in Korea apparently look toward a complete defeat of UN forces at a maximum and to involvement of the UN, and particularly the US, in a long inconclusive military operation at a minimum. Moscow may already have accepted the possibility that the Chinese Communists will not be able to expel the UN from Korea and that a long stalemate may ensue. In this situation and at this stage, the USSR seems prepared to offer moral, diplomatic, and a certain amount of covert military support while avoiding direct intervention.

If it became clear that the Chinese Communists faced defeat in Korea, Moscow, to achieve its original objectives in the area and preserve both its own prestige and Sino-Soviet solidarity, would probably increase substantially its aid to the Chinese and Korean Communists. This might involve the use of greater numbers of Soviet planes and pilots, increased numbers of technical personnel, and perhaps "volunteers" if necessary. At the same time, Moscow could be expected to support any participation on Pei-p'ing's part in discussion of "peaceful" settlement. If these efforts proved insufficient the possibility cannot be disregarded that the USSR would go to the extreme of waging an all out, although perhaps still "unofficial," military campaign over Korea.

F. Recent

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F. Recent Chinese Communist Peace Moves

Pei-p'ing has made no significant definite moves to settle the Korean problem through negotiation since its counter-proposal to the UN of January 17. A prominent Chinese Communist leader indicated at the Soviet-sponsored "World Peace Council" in East Berlin on February 22 that his government would support in principle a 5-power conference to discuss a "solution of the conflict in the Far East," but the "Council" did not subsequently incorporate this proposal into its final resolutions.

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